

THE ROAD TO LONG-TERM JOB CREATION IS MORE THAN JUST A ROAD.

**JOINT APPROPRIATIONS
TRANSPORTATION
COMMITTEE**

MARCH 14, 2019



**NORTH CAROLINA
RAILROAD
C O M P A N Y**

HISTORY



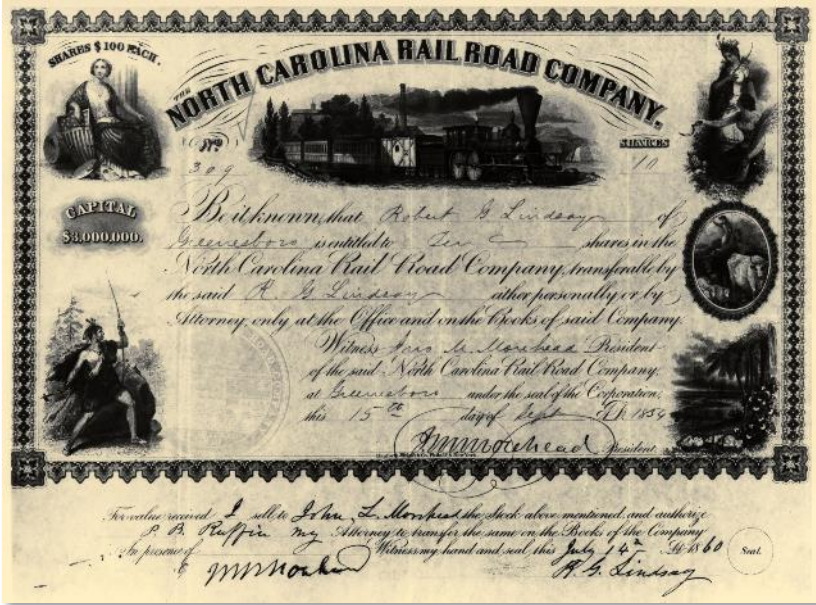
CHARTER OF THE NORTH CAROLINA RAIL ROAD COMPANY.

INDEX TO SECTIONS.

SECTION

- 1 Incorporates Company with capital of \$3,000,000.
- 2 Route of Road, from Wilmington Road to Charlotte.
- 3 Appoints Commissioners for creating Stock and opening Books of Subscription.
- 4 Books, when and how long to be kept open; amount of shares, five dollars of which to be paid down; to be paid over to General Commissioners.
- 5 Duty of General Commissioners in keeping open Books, and when \$1,000,000 shall be subscribed.
- 6 7 Corporate rights and powers.—Notice of process.
- 8 Provision for first and subsequent General Meetings, election of Directors, &c.
- 9 10, 11, 12, 13 Number of, and manner of voting for Directors, election of President, and quorum at General Meetings; Votes and Proxies.
- 14 Return to be made by General Commissioners, and penalty.
- 15 Vacancies in Board, to be filled by Directors.
- 16 Authentication of Contracts.
- 17 Construction and use of Road; when any section is completed.
- 18 Right and charges for transportation of goods or passengers.
- 19 Company may farm out right, and made common carrier.
- 20 Manner of Calling for and enforcing payments of Stock.
- 21 Debt of deceased Stockholders, equal dignity with judgments.
- 22 Certificates of Stock shall be issued, and how transferred.
- 23 Capital may be increased, and how.
- 24 Directors to make Annual Report, and may call Meetings.

HISTORY





Our Mission

Putting the North Carolina Railroad Company to work for the good of the people of North Carolina.

Our Vision

To improve our state by:

Expanding freight rail opportunities to grow business.

Enabling rail to move people.

Investing in North Carolina.

Revised 2017

- **Private business corporation with stock owned by the people of North Carolina**
- **Operates with private, non-taxpayer revenue**
- **Part of NC tax base**
- **History of collaboration with business/industry, municipal and state leadership, and economic development and transportation partners**
- **Trackage-rights agreement generates revenue for economic development investments across the state**
- **Pays dividends to NC, through the Freight Rail and Rail Crossing Safety Improvement Fund at NCDOT**



Above: Southern Railway engine 1740 crosses Cabarrus Street on NCRR in Raleigh carrying freight in 1930s.

Below: Norfolk Southern freight train with double stack containers crosses Klumac Rd. on NCRR in Salisbury, 2017

NORFOLK SOUTHERN: TRACKAGE RIGHTS, OPERATION AND MAINTENANCE



- Class I freight rail provider
- 45-year agreement with 2014 and 2029 ext.
- Revenue on net basis; annual adjustment for inflation
- Norfolk Southern pays taxes on operating assets
- Norfolk Southern responsible for maintenance with NCRR capital for upgrades
- 1970s Amtrak agreements are grandfathered, not a revenue generator

FINANCIAL UPDATE

SELECTED FINANCIAL DATA*

	September 30, 2018	December 31, 2017	September 30, 2017
Land	\$34,756,850	\$25,037,187	\$19,791,910
Total Assets	\$409,866,019	\$427,219,223	\$203,218,072
	Nine Months Ended September 30, 2018	Year Ended December 31, 2017	Nine Months Ended September 30, 2017
Net Operating Income	\$8,288,589	\$9,799,910	\$8,053,115
Total Expenses (excluding depreciation)	\$5,787,113	\$8,470,933	\$5,579,265
Net Income Before Depreciation	\$10,494,169	\$15,923,712	\$11,435,601
Annual Dividends Paid	\$3,894,917	\$3,848,466	\$3,848,466

*Nine-month data is unaudited. 2017 audited annual financial reports are at www.ncrr.com

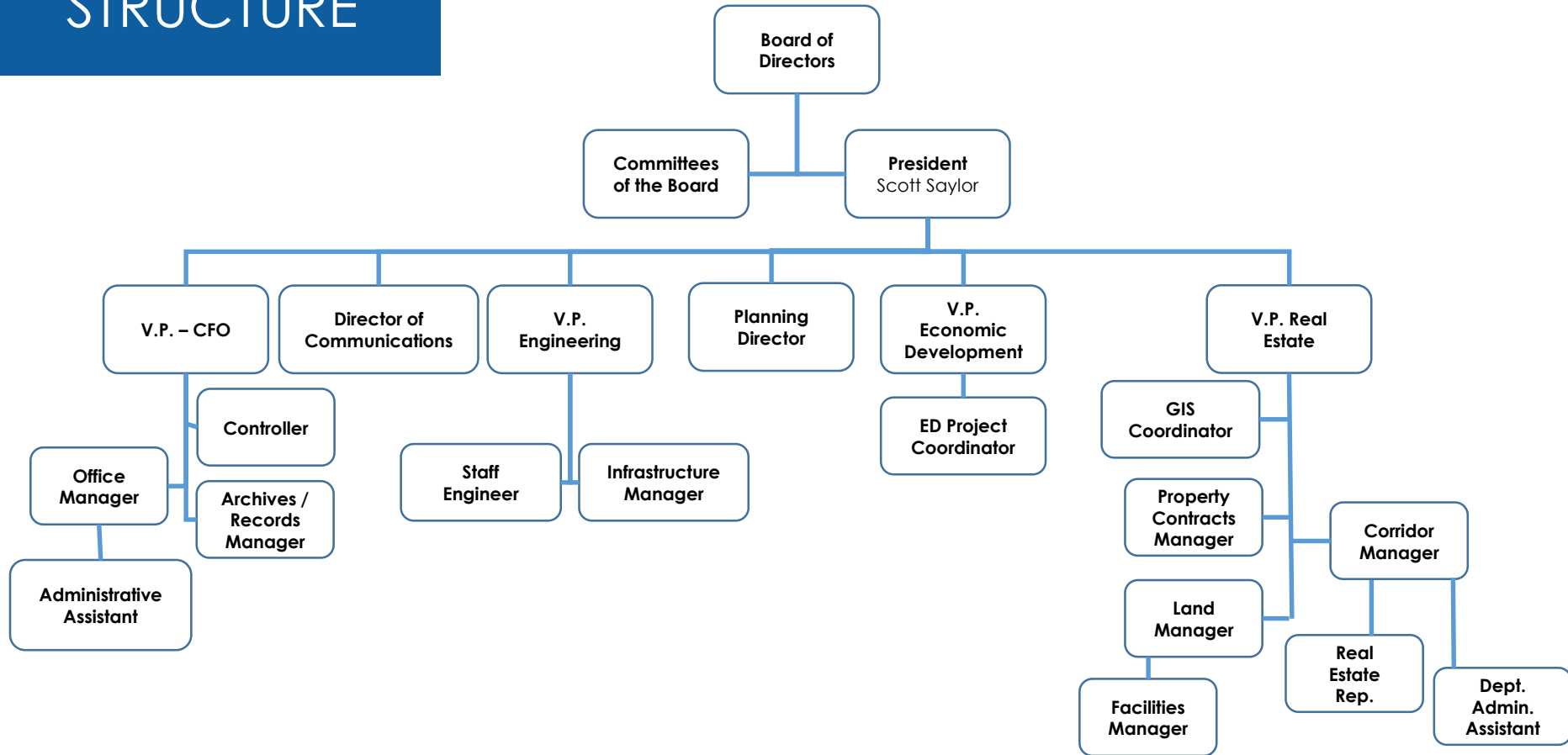
FINANCIAL UPDATE

SELECTED FINANCIAL DATA*

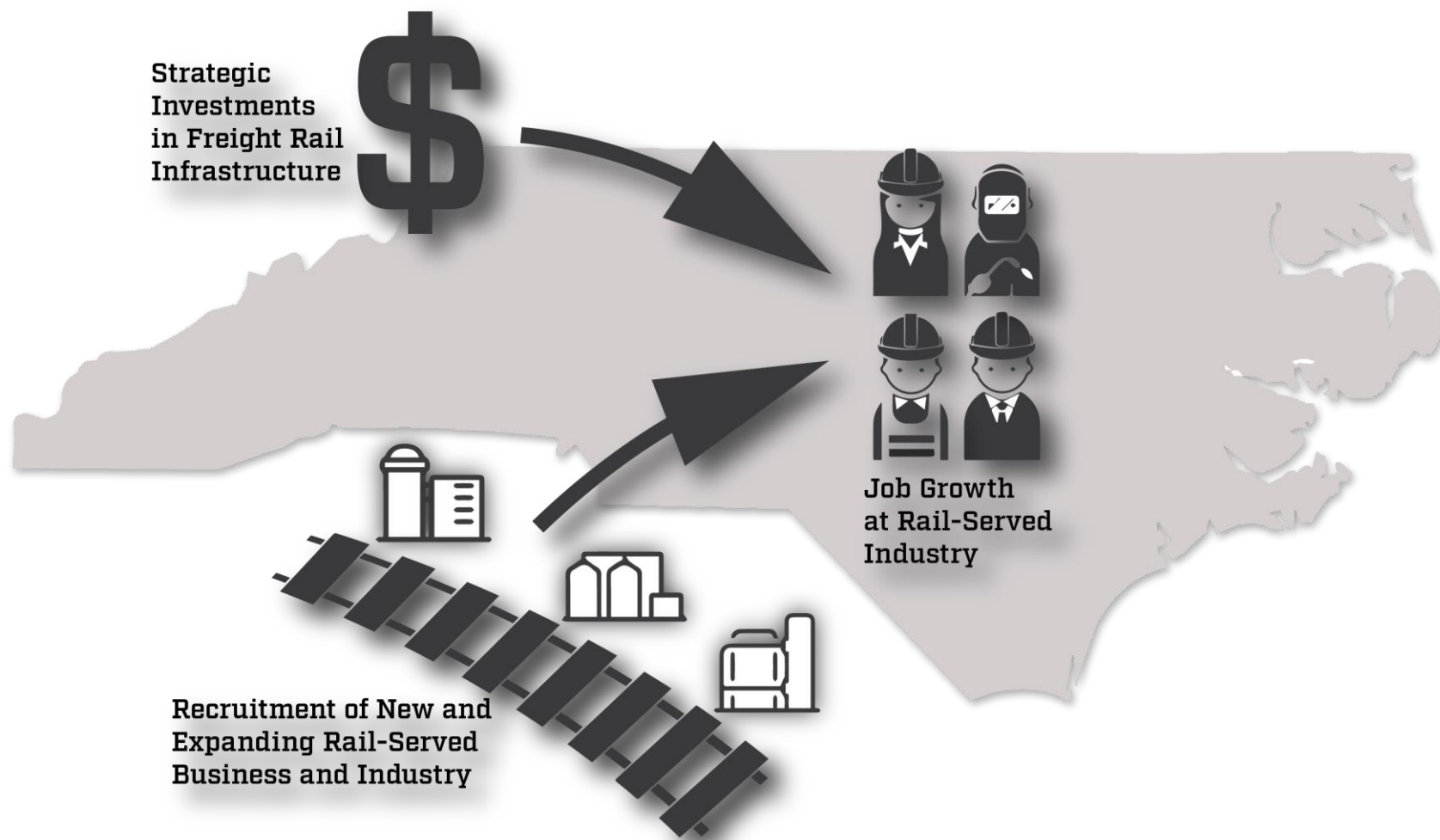
	December 31, 2016	December 31, 2015	December 31, 2014
Land	\$19,434,303	\$4,402,236	\$4,654,561
Total Assets	\$204,903,107	\$166,455,791	\$165,955,975
	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net Operating Income	\$10,717,031	\$10,874,513	\$12,243,938
Total Expenses (excluding depreciation)	\$7,204,082	\$6,773,712	\$5,633,148
Net Income Before Depreciation	\$27,948,023	\$7,681,088	\$16,354,562
Annual Dividends Paid	\$3,779,305	\$3,717,995	\$3,654,157

*All figures are audited.

COMPANY STRUCTURE



(Rev. 8/15/2018)



Announced Jobs

**Announced
Investment**

**Projects Worked
Projects Won**

**Partnering
Investments**

**Cost Savings/
Efficiency**

**Increases in
Use/Ridership**

**Partner
Effectiveness**

**Invested Dollars
In/Out**

ECONOMIC DEVELOPMENT

NCRR INVESTS

North Carolina's competitive advantage in the recruitment of rail-served business and industry.



- 770 JOBS
- \$6.4M NCRR INVESTMENT
- \$700M EGGER INVESTMENT

INVESTMENT EXAMPLES

- Lead, Siding, other Tracks
- Engineering/Design

INVESTMENT FACTORS





- Job Creation
- Capital Investment
- Rail Use
- Wages



I-85 Business Park, Davidson County

NCRR Invests Economic Development Map

Freight Routes

-  North Carolina Railroad Company
*Norfolk Southern Class I Freight Service
-  Norfolk Southern
-  CSX Transportation
-  Various Shortlines

TENNESSEE

SOUTH CAROLINA

GEORGIA

 announced projects

BOREALIS

47 jobs
\$225,000 investment by NCRR
\$15 MILLION investment by Borealis Compounds
MAY 2017
Alexander County

FIBERTEX PERSONAL CARE

145 jobs
\$420,000 investment by NCRR
\$115 MILLION investment by Fibertex
AUGUST 2017
Randolph County

J&B packaging

50 jobs
\$400,000 investment by NCRR
\$11.9 MILLION investment by J&B Packaging
NOVEMBER 2018
Halifax County

TRIANGLE

800 jobs
\$2.5 MILLION investment by NCRR
\$580,000 investment by Triangle Tyre
DECEMBER 2017
Edgecombe County

National Gypsum

51 jobs
\$400,000 investment by NCRR
\$25 MILLION investment by National Gypsum
MAY 2017
New Hanover County

31 jobs
\$527,000 investment by NCRR
\$12.8 MILLION investment by Weirton
APRIL 2017
Martin County

WEIRTON

EGGER

770 jobs
\$6.4 MILLION investment by NCRR
\$700 MILLION investment by EGGER
JULY 2017
Davidson County

91 jobs
\$450,000 investment by NCRR
\$50 MILLION investment by Edwards Wood Products
JULY 2017
Scotland County

edwards WOOD PRODUCTS
TRANSPORTATION

65 jobs
\$650,000 investment by NCRR
\$44 MILLION investment by Mountaire Farms
JANUARY 2017
Scotland County

Mountaire
Fresh Young Chicken

BOREALIS

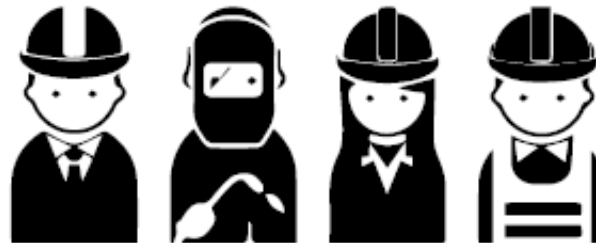


E EGGER



ECONOMIC DEVELOPMENT

2,000 JOBS



\$13M



INVESTED BY NCRR



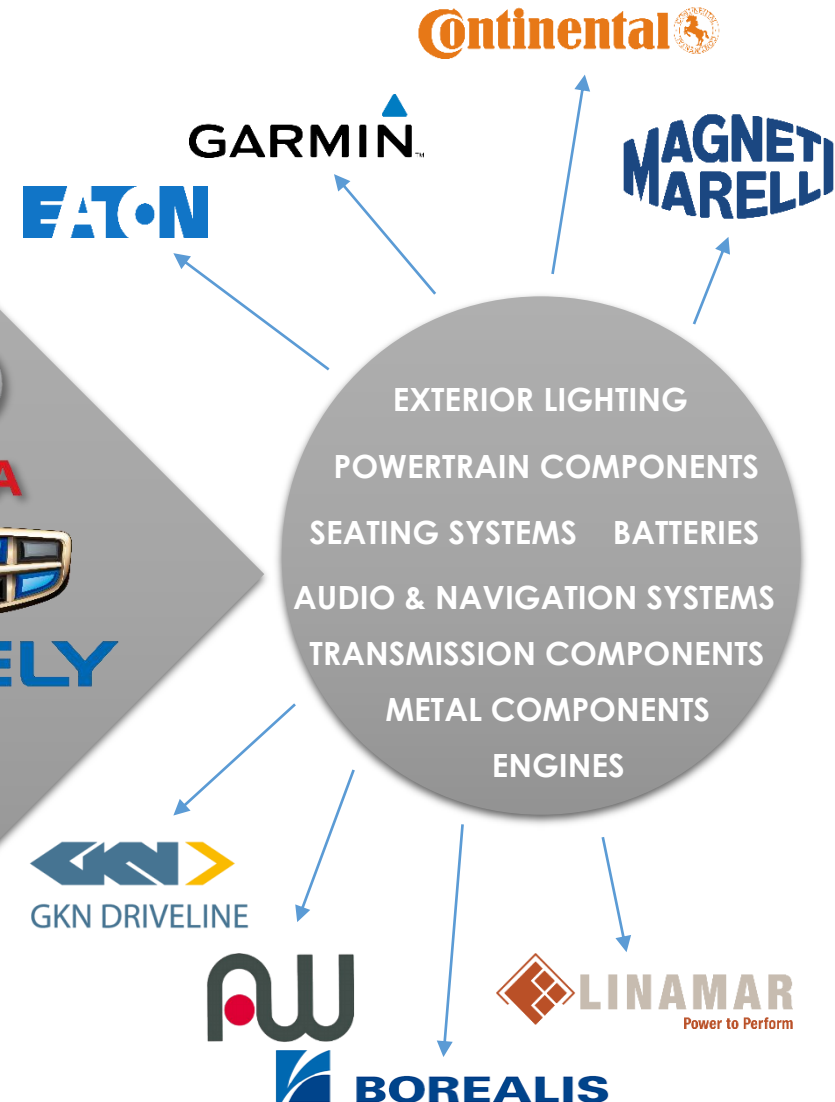
\$1.5 BILLION INVESTED BY COMPANIES

ECONOMIC DEVELOPMENT

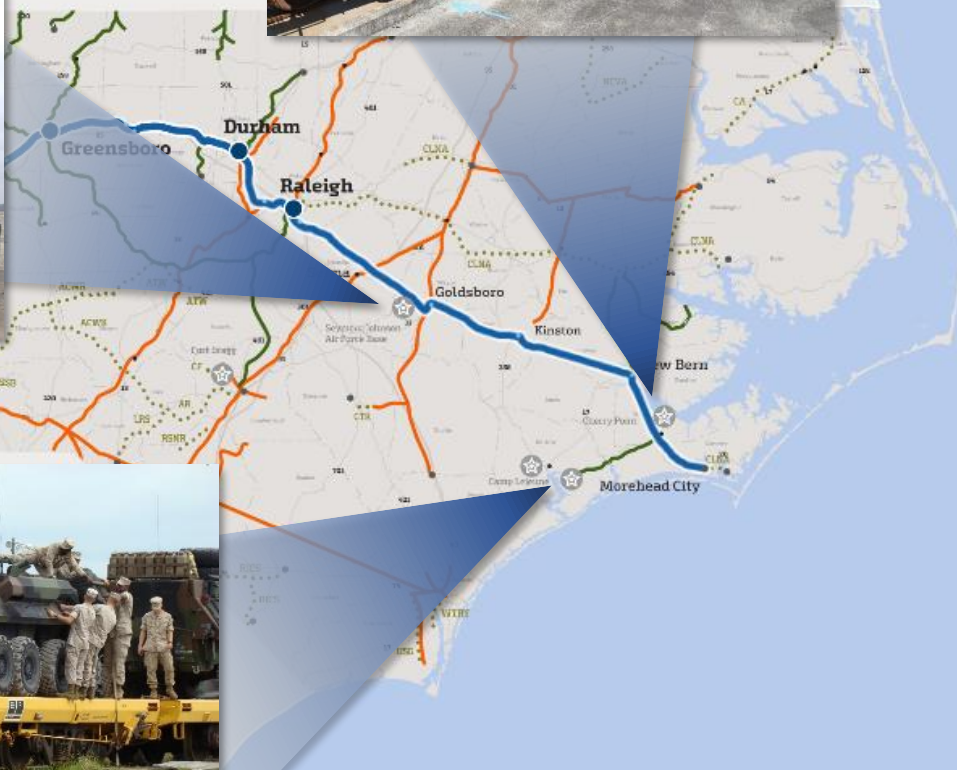


NORTH CAROLINA'S RAIL-SERVED INDUSTRIAL SITES TOTALING 1000+ ACRES

ECONOMIC DEVELOPMENT



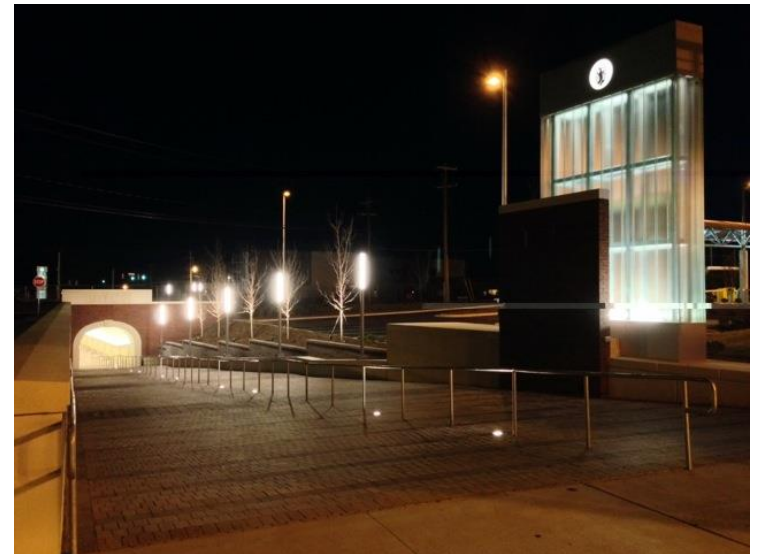
MILITARY BASES



ASSET MANAGEMENT



Underpass at Elon University, 2010



Underpass at UNC Greensboro, 2014

ASSET MANAGEMENT



Private crossing at Grifols on NCRR Corridor, 2017



Curve construction in Kinston, 2010

ASSET MANAGEMENT



Total Corridor Property

7,898.34 acres

Total Non-Corridor Property

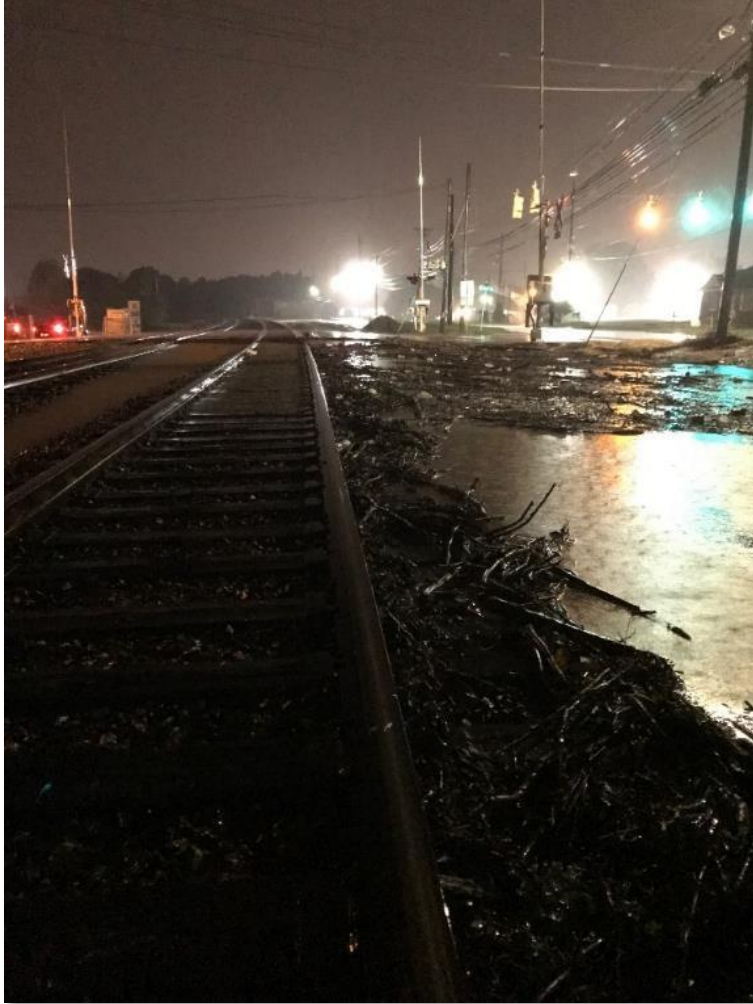
1,420.90 acres

Total NCRR Property

9,319.24 acres

(as of 2018)

2018 HURRICANE RESPONSE: FLORENCE AND MICHAEL



NCRR, south of Lexington



NCRR, west of Goldsboro

2018 HURRICANE RESPONSE: FLORENCE AND MICHAEL



NCRR, New Bern, Trent River Bridge



NCRR, Kinston



NCRR, Morehead City

INFRASTRUCTURE INVESTMENTS

NCDOT PIEDMONT IMPROVEMENT PROGRAM

- DOUBLE TRACK AND GRADE SEPARATION PROJECTS FROM RALEIGH TO CHARLOTTE
- \$21 M INVESTMENT BY NCRR
- \$290.8 M ARRA FUNDS



KLUMAC ROAD GRADE SEPARATION, SALISBURY

27 MILES OF DOUBLE TRACK BETWEEN GREENSBORO AND CHARLOTTE

INFRASTRUCTURE INVESTMENTS



Before and after High Point Slope and Drainage Project, completed 2018

INFRASTRUCTURE INVESTMENTS

MORE THAN \$50M IN FUTURE INFRASTRUCTURE INVESTMENTS



Construction of new Crabtree Creek Bridge, Morrisville

- Morrisville, Crabtree Creek Bridge
- Craven County, Passing Track
- Durham, Bridge Improvements
- High Point, Phase 2 Slope/Drainage Improvements
- Carteret, Craven County, Rail Replacement
- Rehabilitation of industrial lead tracks at Phillip Morris/Dow Chemical sites
- Partnering with NCDOT on current/future passenger stations

PLANNING FUTURE CAPACITY

NCRR FUTURE TRACK INFRASTRUCTURE STUDY

- Identify and evaluate long-term infrastructure needs on the NCRR Corridor
- Determine location of future tracks



Single Track, Hopson Rd., Wake County, 2013



Double Track, Hopson Rd., Wake County, 2017

BUILDING FUTURE CAPACITY



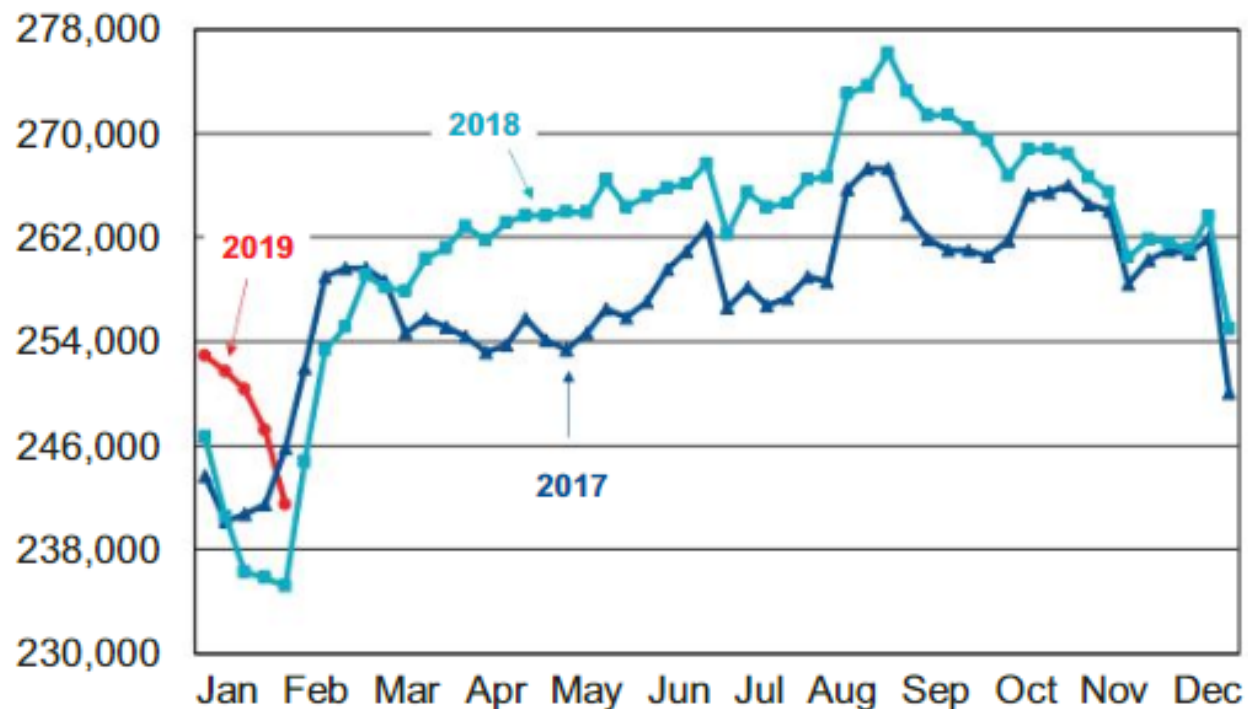
Wake County, Morrisville, 2020
Crabtree Creek Bridge replacement
Total: \$9.8M, \$8.7M capital NCRR



Wake and Johnston Counties, 2008
Three new passing sidings & CTC signals, etc.
Total: \$20.8M capital NCRR

INDUSTRY OUTLOOK

AVERAGE WEEKLY U.S. RAIL CARLOADS: ALL COMMODITIES (NOT SEASONALLY ADJUSTED)



Data are average weekly originations for each month, are not seasonally adjusted, do not include intermodal, and do not include the U.S. operations of CN and CP. Source: AAR

INDUSTRY OUTLOOK

INTERMODAL

FIVE WEEKS ENDING FEB. 2, 2019

MAJOR U.S. RAILROADS			
BY COMMODITY	JAN '19	JAN '18	% CHANGE
Trailers	117,289	117,017	0.2%
Containers	1,198,879	1,193,143	0.5%
TOTAL UNITS	1,316,168	1,310,160	0.5%
CANADIAN RAILROADS			
Trailers	0	4,506	-100.0%
Containers	326,251	314,508	3.7%
TOTAL UNITS	326,251	319,014	2.3%
COMBINED U.S./CANADA RR			
Trailers	117,289	121,523	-3.5%
Containers	1,525,130	1,507,651	1.2%
TOTAL COMBINED UNITS	1,642,419	1,629,174	0.8%

Source: Rail Time Indicators, Association of American Railroads



NORTH CAROLINA
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www.ncrr.com

 @NCRailroad